Claims

Q1. Is full replacement value (FRV) liability protection part of the Families First Program?
A. Yes

Q2. What is full replacement value (FRV) liability?
A. If the service member files a claim directly with the transportation provider within nine (9) months of delivery, then the transportation provider is liable for the full replacement value (FRV) of any lost or destroyed items.

Q3. What is the transportation provider's liability on full replacement value claims for items that are damaged but not destroyed?
A. For items that are damaged but not destroyed, the transportation provider will, either repair the items to the extent necessary to restore them to their condition when received by the transportation provider, or pay the claimant for the cost of such repairs.

Q4. What is the transportation provider's liability on full replacement value claims for items that are destroyed?
A. For most items that are destroyed (i.e. the repair cost exceeds replacement cost) or lost, the transportation provider will, at its option, either replace the lost or destroyed item with a new item, or pay the undepreciated replacement cost of a new item. New items should, to the greatest extent possible, be from the same manufacturer and should be the same make and model as the item that was lost or destroyed. If the transportation provider cannot find a new item that is the same as the item that was lost or destroyed, it may replace the item with one of comparable qualities and features. However, for lost or destroyed items that are parts of sets, such as a silver service, crystal glasses, or china, the transportation provider may replace the lost item with a like item that matches the rest of the set. Likewise, some items, such as collectable figures (e.g. Hummel and Lladro), collectable plates, collectable dolls, baseball cards, antiques, comic books, coin and stamp collections, and objects of art, cannot be properly replaced with new items because their value is based, in part, on the fact that they are no longer made and are no longer available for purchase as new items. For those items, the transportation provider may replace the lost or destroyed item with the same or comparable item or pay the replacement cost of the item.

Q5. How does full replacement value protection apply to a shipment that includes motor vehicles (automobiles, vans, pickup trucks, motorcycles or sport utility vehicles)?
A. When full replacement value protection applies to a shipment that includes one or more motor vehicles (automobiles, vans, pickup trucks, motorcycles or sport utility vehicles), the transportation provider's maximum liability for the vehicles shall be the value stated in the current issue of the National Automobile Dealer's Association (N.A.D.A.) Official Used Car Guide (the "Guide") for such vehicle(s), adjusted for mileage and other factors considered in the guide. However, if either the service member or the transportation provider has obtained an appraisal of the vehicle from a qualified appraiser, settlement will be based on the appraised value rather than the book value.

Q6. How does full replacement value protection apply to a shipment that includes boats personal watercraft, ultra light aircraft, pianos, organs, firearms, objects of art, all-terrain

vehicles, and snowmobiles?
A. Boats, personal watercraft, ultra light aircraft, pianos, organs, firearms, objects of art, all-terrain vehicles, and snowmobiles, the transportation provider may replace the item with a comparable used item or pay the undepreciated replacement cost, because these are large, expensive items that are not part of the typical shipment and have an active, widespread secondary market.

Q7. Can a service member reject a payment or item offered by the transportation provider to settle a claim?
A. The service member may reject a payment or item offered by the transportation provider to settle a claim. If a service member files a claim with the transportation provider within nine months of delivery, but fails to settle the claim directly with the transportation provider, the service member/consignee can file a claim with a military claims service. In those cases, if the military claims service pays the service member, it will pay the repair or depreciated replacement cost, whichever is less, and then may assert a recovery claim against the transportation provider for the repair or undepreciated replacement costs (i.e. full replacement value). In those cases, the transportation provider will not have the option of replacing the item, but must pay the undepreciated replacement cost for a new item to the military claims service.

Q8. Are there any exclusions from liability?
A. The transportation provider shall be liable for physical loss or damage to any article that occurs while being carried or held in storage-in-transit EXCEPT loss or damage caused by or resulting from the following:
From an act or omission of the service member

- From defect or inherent vice of the article, including susceptibility to damage because of atmospheric conditions such as temperature and humidity or changes therein
- From hostile or warlike action in time of peace or war including action in hindering, combating or defending against an actual, impending or expected attack; from any weapon of war employing atomic fission or radioactive force whether in peace or war; or from insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such occurrence
- From seizure or destruction under quarantine or customs regulations; confiscation by order of any government or public authority; or risks of contraband or illegal transportation or trade
- From delay caused by strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of any person or persons taking part in any such occurrence or disorder
- From acts of God (also known as acts of Nature)
- From pre-existing infestations by molluscs, arachnids, crustaceans, parasites or other types of pests; and for fumigation or decontamination when not the fault of the transportation provider.
- From loss or damage that occurs prior to release to the transportation provider while the goods are in the possession of a non-temp storage contractor (NTS), or of a SIT contractor under an unrelated shipment of the goods. When a shipment is released from non-temporary storage (NTS) or SIT under another transportation provider’s control, the new transportation provider shall not be liable for an item claimed as missing which should have been listed as a separate item on the inventory, but which was not listed on

the inventory that was prepared by the original contractor or transportation provider. However, the transportation Provider will be liable for items packed in cartons, if the carton is listed on the inventory, unless the Transportation Provider can produce evidence to shift liability back to a prior handler and the item claimed bears a reasonable relationship to the contents of the carton listed on the inventory. If it does not bear a reasonable relationship, the transportation provider is not liable, but the NTS contractor may be liable.

- The transportation provider shall not be liable for intangible property, securities, nor for the sentimental value of an item.
- The transportation provider shall not be liable for pre-existing damage.

Q9. What are the time limitations on transportation provider liability for loss and damage claims?
A. The transportation provider will not be liable for loss or damage unless the service member either files a claim directly with the transportation provider within two years of the delivery of the shipment that included the lost or damage items, or files a timely claim with a military claims service under the Military Personnel and Civilian Employees Claims Act (MPCECA). For purposes of filing with a military claims service, timeliness will be determined by the military claims service based on the statute, case law, and the service's claims regulations and instructions.

Q10. Are there exceptions to the two-year limit for filing directly with the transportation provider?
A. For the purpose of the two- year limit for filing directly with the transportation provider, if a claim for loss or damage accrues during war or an armed conflict in which an armed force of the United States is involved, or has accrued within two years before war or an armed conflict begins, and there is good cause for delay in filing due to that armed conflict or war, then the claim must be presented within a reasonable time after the cause no longer exists, or after the war or armed conflict ends, whichever is earlier. An armed conflict begins and ends as stated in concurrent resolution of Congress or a decision of the President. Any extension granted by this provision will be at least as long as the duration of the good cause and may be longer, at the discretion of the transportation provider.

Q11. How long does the Transportation Provider have to settle loss and damage claims?
A. On loss and damage claims, the transportation provider shall pay, deny, or make a written offer within 60 days of receipt of a complete, substantiated claim.

Q12. Does the new Families First Program allow the Service Member to receive Partial Settlements?
A. Yes, if the service member cannot reach a mutually acceptable settlement directly with the transportation provider on part of his or her claim, the service member can accept payment from the transportation provider on those items on which the service member and transportation provider have reached agreement. If the service member elects to accept partial settlement, the transportation provider may pay the service member on the items on which they have reached an agreement. The service member can then file a claim with a military claims office on those items that were not settled directly with the transportation provider. If the military makes a payment to

the service member, the military claims office will then assert a recovery demand on the transportation provider. The transportation provider will not be liable on such a recovery claim for payment on any items on which the transportation provider has already paid the service member, if the correspondence between the transportation provider and the service member lists the item as one on which payment is being made and clearly indicates that the prior payment was in full and final satisfaction of either the entire claim, or was in full and final satisfaction of the claim for the particular item.

Q13. Does the new Families First Program allow quick claims or Small Claims Settlement?
A. Yes, the Transportation providers may establish a small claims settlement procedure to quickly resolve and pay claims for minor loss or damage discovered at the time of delivery. Such procedures should cover payment for less than $500 and payment should be made within 3 days of delivery. The process of settling and paying such claims will be left to the discretion of each transportation provider. However, any small claim settlement agreement can contain only a limited release of liability and must specifically list the items and the damage for which payment is being made. Service members must be advised that they may still file claims for later discovered loss or damage. A copy of the settlement agreement must be made available to the appropriate military claims office, on request.

Q14. Is the transportation provider entitled to take possession of and sell for salvage any damaged item on which it has paid either the depreciated or undepreciated replacement cost?
A. Yes, on shipments delivered in the United States, the transportation provider is entitled to take possession of and sell for salvage any damaged item on which it has paid either the depreciated or undepreciated replacement cost. The transportation provider is also entitled to claim salvage on any damaged item delivered in the United States that it has replaced with a new item.

Q15. What happens when the transportation provider is unable to exercise its salvage rights because the service member has disposed of the item (s)?
A. If the transportation provider is unable to exercise its salvage rights due to the disposal of an item(s) by the service member, the transportation provider may reduce its liability by 25% on any item that has a depreciated replacement value of $50.00 or more. The transportation provider is entitled to no deduction for salvage on a single item with a depreciated replacement value of less than $50.00; unless the total combined depreciated replacement value of all items that have been disposed of is $100.00 or more.

Q16. Can Claims be filed for $25 or less?
A. In an effort to reduce administrative costs, the Military Service agree that they will not pursue a claim against a transportation provider for loss or damage to household goods that were transported under this tariff, if the amount of the claim is for $25 or less. The transportation providers agree that they will not request reimbursement for such claims from the Military Services for an amount of $25 or less. However, this provision does not apply to claims submitted directly to the transportation provider by a service member.

Rates & Solicitation

Q1. In the future program, what will determine the pricing for domestic shipments?
A. Pricing for all domestic shipments shall be based upon the contemporary commercial tariff and the MTMC Exceptions. The tariff will be used as the baseline for establishing the pricing methodology for domestic shipments under this agreement.

Q2. How many domestic rate filings will be allowed under the future program?
A. Domestic pricing shall consist of a one-year rate filing effective 15 May.

Q3. How many domestic rate discounts should be submitted under the future program?
A. Under the domestic rate filling two (2) discounts off the tariff baseline will be submitted. One discount shall be submitted for transportation services that include line haul transportation charges, and accessorial services. The second discount shall be submitted for Storage in Transit (SIT) and SIT related services. No discounts will be applied to valuation and third party service.

Q4. How will the domestic Origin and Destination rates be filed in the future program?
A. The rates will be filed from an Origin State to a Destination Region.

Q5. In the future domestic program, will a TP need to submit Peak and Non-Peak rates?
A. Peak and non-peak seasonal adjustments are incorporated into the 400N tariff, therefore it is not necessary to submit separate peak and non-peak discounts for the future program.

Q6. How many International rate filings will be allowed under the future program?
A. Two Single Factor Rates (SFR) will be submitted, 1) a peak and 2) a non-peak, provided at the same time. International pricing shall consist of a one-year rate filing effective 15 May.

Q7. How will the international rates be filed in the future program?
A. Rates will be submitted from an origin rate area (state) to a destination rate area (region) to/from CONUS to OCONUS. Single Factor Rates (SFR's) will be further broken down by code of service, i.e., International Household Goods (HHG) which includes Codes 3, 4, 5 and T and International Unaccompanied Baggage (UB) which includes Codes 7, 8, and J). Rates will be filed only where TPs wish to serve. SFR's are stated in U.S. dollars and cents per net hundredweight.

Quality Assurance

Qualification

Q1. What markets require qualification?
A. Transportation Providers seeking to participate in the Families First program will need to qualify in any or all of three markets: Domestic Household Goods, International Household

Goods, and International Unaccompanied Baggage. The Mobile Home and Boat Programs, while requiring qualification, are not part of the Families First program.

Q2. If my company is already qualified, do we need to re-qualify for the Families First program?
A. No, you do not need to re-qualify for markets in which you are already qualified, but you must meet the recurring qualification requirements described in the answer to question seven below. If your company would like to qualify to participate in a new Families First market, you must meet the qualification requirements covered in the answer to question five below.

Q3. What are the requirements for qualification under Families First?
A. To participation in any of the Families First markets, Transportation Providers must meet the following general and specific requirements:

<u>General Requirements</u>

Standard Carrier Alpha Code (SCAC): Participating Transportation Providers must obtain and maintain a valid four-digit alpha code from the National Motor Freight Traffic Association (NMFTA), 2200 Mill Road, Alexandria, Virginia 22314, phone number (703) 838-1831. It is also required that you annotate your SCAC on all military correspondence, for identification purposes. NMFTA charges an annual fee to maintain SCACs.

Central Contractor Registration: All Transportation Providers doing business with Department of Defense (DOD) must be registered in the Central Contractor Registration (CCR) database. Consideration of Transportation Provider for future participation in MTMC procurements of transportation and transportation services, future solicitations, awards, and payments will be based on registration. Transportation Providers register only once, but must update information annually. Registration in the CCR will make it easier for Transportation Providers to get paid, will assist in helping Transportation Providers get more business; and will make it easier and cheaper to do business with the Government. The process time for CCR registration is approximately 72 hours (if registration is via the Internet). Transportation Providers should register directly via the Internet at <u>www.ccr.gov</u>. Transportation Providers may also obtain information via facsimile (23 pages) by calling (888) 227-2423. Registration by fax is not recommended, as it takes much longer to register. CCR customer service is available through the CCR Customer Service Center at (616) 961-4725 or (888) 227-2423 or (888) 352-9333, option # 3.

Electronic Transportation Acquisition Registration: All forms submitted on-line will require authentication using MTMC's Electronic Transportation Acquisition (ETA) system. Transportation Providers seeking qualification approval will need an ETA account. To request this account visit the ETA homepage located at <u>www.mtmc.army.mil</u>. Click on "ETA systems", click on "Register for the First Time", scroll down to Personal Property, check Personal Property Qualifications then select the appropriate role.

Digital Signature Verification: The qualification process requires TPs to purchase and use a digital identity certificate from one of the third party vendors listed below:

a. Operational Research Consultants (ORC), $250 per certificate http://eca.orc.com/
b. Digital Signature Trust (DST), $119 per certificate http://www.digsigtrust.com/federal/dod.html
c. c. Verisign, $125 per certificate http://www.verisign.com/enterprise/government/ieca-dod.html

A digital identity certificate is the digital equivalent of an ID card. For DoD military, civilians and authorized contractors, digital identity certificates will be located on a Common Access Card (CAC). For commercial users, it will be a file that resides on your PC. When you access a MTMC system, the system will check your PC for an identity digital certificate. If you have one, it will verify the user information and allow you to access the system(s) for which you have been approved. Using identity digital certificates provides a tighter security environment than user identifications and passwords.

Specific Qualification Requirements

Financial Statements and Financial Ratios: New carriers applying for initial approval must submit their most recent financial statements to MTMC at the time of application.

The financial statements must document the business operations of the single business entity or organization that seeks to qualify to do business with the DOD. Combined or consolidated statements that embed the finances of other companies will not be accepted. Letters of guarantee from a parent company will also not be accepted. However, for reporting purposes, a carrier may submit one document that reflects several companies separate financial information, as long as the financial information is reported in each individual company's name and reflects that company's account information. Each individual company must comply with desired ratio minimums, as detailed below. New companies must meet required ratio minimums at time if application and maintain the required minimum ratios. In other words, MTMC wants to see the health of the individual companies. MTMC will not accept truly consolidated reports where there is no separation from one company to another.

To qualify for participation in the DOD Personal Property Program, Transportation Providers must maintain a Quick Ratio of 1:1 or better and a Debt to Equity ratio of 4:1 or less. Carriers must meet these requirements at the time of application and maintain those ratios.

The following definitions are provided for clarification purposes only. If there are further questions on the definitions, or how to best present financial data, carriers should consult their own accountant.

Quick Ratio (1:1): The quick ratio measures the ability of a business to meet current bills, and is defined as cash plus receivables divided by current liabilities. This is similar to current ratio with the exception that inventory and pre-paids are subtracted from the total current assets prior to making the computation. These items are deleted prior to computing the ratio because inventory and pre-paids are not easily converted to cash to pay debts. Further, if a company needs to liquidate inventory or pre-paids to pay bills, they are in liquidation process and not really a going concern. MTMC recognizes the industry's uniqueness in that many transportation related costs are incurred and paid after the military shipment is picked-up from the member and prior to delivery or placement in SIT. This lag time causes a mismatch between revenues and expenses. If the expenses are included in the financial statements and identified separately as prepaid transportation expenses or unbilled receivables, MTMC will consider them in the Quick Ratio analysis.

Debt to Equity Ratio (4:1): Debt to equity is total liabilities divided by the company's equity.

Cargo Liability Insurance: For Domestic and International programs, the cargo liability minimum amount per shipment will be $22,500. The aggregate amount will remain $150,000. The Certificate of Cargo Liability Insurance form (MTHQ Form 49R) located on MTMC's website, must reflect a signature of the insurance representative as proof of insurance. No other forms will be accepted. The certificates of cargo liability must be executed by an insurer with a rating of "A" in the Best Key Rating Guide.

Performance Bonds: Performance Bonds are required in both the international and domestic interstate programs. The bond requirement does not apply to domestic intrastate carriers. For the International program the bond requirement is a minimum of $100,000 or 2.5% of previous-year international revenue, whichever is greater. International carriers must have their surety company submit a "continuous, until cancelled," bond, that reflects signatures of the surety representative. MTMC will review the international bond amount annually (not semi-annually as previously stated in Federal Register Notice, dated March 1, 2002). If it is determined the bond needs to be increased, the carrier will be notified in writing and provided 30 days to have a bond submitted or a rider to the bond on file reflecting the updated amount.

For the domestic interstate program the bond requirement is a minimum of $50,000 or 2.5% of previous-year domestic interstate revenue, whichever is greater? Domestic interstate carriers currently participating in the program must submit a "continuous until cancelled" bond that reflects a signature of the surety representative, in the amount of $50,000. MTMC will review this annually. If it is determined the bond needs to be increased, the carrier will be notified in writing and provided 30 days to have a bond submitted or a rider to the bond on file reflecting the updated amount.

Experience Requirements: This requirement pertains to new carriers seeking initial approval. The company must have three years Government and/or commercial experience in the movement of Personal Property. MTMC will use the date on the operating authority, or if the state is deregulated, the date on the state's Articles of Incorporation for determining the company three-year experience requirement. MTMC reserves the right to request additional proof of three-year Personal Property experience (such as, bills of lading, letters of reference, for personal property movement). Additionally, carriers must continually have two key employees (i.e. involved in the management of the company) with at least three years experience. The names of these individuals are required to be included on the ETOSSS.

MTMC reserves the right to request proof of the three-year Personal Property experience of the two key employees (i.e. a resume, references etc.).

Household Goods Operating Authority and Licenses: Transportation Providers are required to have valid Household Goods Operating Authority and Licenses, as documented on the Electronic Tender of Service Signature Sheet. MTMC will use the Department of Transportation's Licensing and Insurance system to verify valid household goods operating authority.

Common Financial and Administrative Control (CFAC) Requirements: Domestic and international carriers are reminded of the requirement to declare CFAC (affiliate) relationships with other participating carriers in accordance with the Tender of Service, as documented on the Electronic Tender of Service Signature Sheet. All currently participating carriers in the International Program and new international carriers will continue to be required to refrain from competing, i.e. submitting rates, in the same code of service/channel combinations served by any of their affiliates. Domestic CFAC relationships must be documented, but the domestic program does not have restrictions on CFAC.
CFAC (affiliates) means associated business concerns or individuals directly or indirectly, where (a) either one controls or can control the other(s) or where (b) a third party controls or can control them both. Carriers failing to disclose CFAC (affiliate) relationships may be removed from the Program for a period of up to 2 years and may be prosecuted for filing a false official statement in violation of 18 USC 1001.

Certificate of Independent Pricing: Transportation Providers must certify that their submitted rates have been independently calculated.

Q4. How does a Transportation Provider get qualified?
A. To qualify, a Transportation Provider must complete and submit the following forms during any open enrollment period on-line or by fax:

Web based documents (available at https://wisedm.eta.mtmc.army.mil/ppq/default.asp)

(1) Electronic Tender of Service Signature Sheet (ETOSSS)
(2) List of Countries and Codes of Service (LOCCS)
(3) Certificate of Cargo Liability Insurance (MTHQ Form 49-R)
(4) Performance Bond (for Domestic Interstate and International)
(5) Certificate of Independent Pricing
(6) Audited or Reviewed Financial Statements

Faxed documents (sent to MTMC Alexandria VA at 703-428-3321):

(1) Copy of the operating authority/Articles of Incorporation (if deregulated)
(2) References (only upon request from MTMC)

Q5. Can a previously qualified Transportation Provider qualify to participate in new markets? If so, how?
A. Previously qualified Transportation Providers seeking approvals to participate in additional markets during any open qualification period are required to comply with all of the above

requirements for Initial Qualification. However, those Transportation Providers are not required to submit Financial Statements or Certificates of Independent Pricing as part of their additional qualification package. Financial qualifications for all Transportation Providers are monitored based on annual financial statement submission (discussed below in the answer to question seven). Certificates of Independent Pricing submitted during initial qualification remain valid for any additional qualification requests.

To qualify to participate in additional Families First markets, a Transportation Provider must complete and submit the following forms on-line or by fax:

Web based documents (available at https://wisedm.eta.mtmc.army.mil/ppq/default.asp)

(1) Electronic Tender of Service Signature Sheet (ETOSSS)
(2) List of Countries and Codes of Service (LOCCS)
(3) Certificate of Cargo Liability Insurance (MTHQ Form 49-R)
(4) Performance Bond (for Domestic Interstate and International)

Faxed documents (sent to MTMC Alexandria VA at 703-428-3321):

(1) Letter of request asking for the additional approval (i.e. Walker Moving (SCAC) is requesting additional approval for Interstate Codes 1 and 2), dated and signed by an officer of the company listed on the ETOSSS.
(2) Copy of the operating authority/Articles of Incorporation (if deregulated)

Q6. Does qualification expire?
A. Qualification is valid indefinitely, unless the Transportation Provider does not file rates for three consecutive rate cycles, or unless the carrier does not meet the annual financial statement submission requirements covered in the answer to question seven below.

Q7. What are the recurring qualification requirements?
A. *Financial Statement Requirements:* Annually, Transportation Providers must provide audited financial statements with an auditor's report, or reviewed financial statements with an accountant review report. Financial statements must be prepared according to generally accepted accounting principles using the accrual basis, including balance sheets and profit/loss statements. Financial statements, audit, or review memorandums must include all referenced footnotes. A Transportation Provider may voluntarily provide company tax returns in addition to the financial statements, if they so desire. Statements must be completed on line and reflect the digital signature of the auditor that prepared the statement.

Annual financial statements must be submitted within 120-calender days, of year-end, normally defined as December 31, 200X. Under this scenario, the financial statements would be submitted no later than May 1, 200X. If a company closes its books on a fiscal year basis (or other than December 31, 200X), then financial statements and reports should be submitted within 120 calendar days of that date. For example, a carrier currently participating in the program closing out their books October 31, 2002, would be required to submit the financial statements no later than March 1, 2003. Companies desiring to change their report dates must coordinate this with the Chief of MTMC's Internal Review Office at (703) 428-3205.

If MTMC does not receive the annual financial statements within the 120-calendar day time frame, the company may be placed in non-use due to non-compliance with program requirements. No *pro forma* statements will be accepted in lieu of actual financial statements. Additionally, MTMC reserves the right to obtain services from an independent third party source to conduct financial risk analysis of carrier's financials. This analysis will compare the company with appropriate industry norms. This information may be used in a carrier review board action to assist in the determination of financial risk to the government.

Change in Insurance Notification: The Cargo Liability Certificate contains a statement that the insurance company will give HQMTMC, ATTN: MTPP-HQ, a 30-day written notice of any changes, expiration, or cancellations of the insurance policy.

Notification Requirements: All DOD approved carriers are required to notify MTMC within 45 calendar days of a change of ownership, a change of corporate name, or change of key personnel.

- *Change of Ownership:* When a company changes ownership, a novation agreement must be submitted to MTMC. Approval will be based on a review of the sales agreement and evidence to show that the carrier complies with all carrier qualification requirements. The new asset owner (transferee) must assume all obligations of the carrier as if they were the original owner.
- *Change of Name:* When a company changes their name, they must submit a change of name notification.
- *Change of Key Personnel:* When a company changes key personnel they must submit an updated ETOSSS.

Q8. Does qualification guarantee that we will move shipments?
A. No. Qualification signifies that a firm has met the requirements for participation in the Families First program. Shipments will be distributed based on the Families First Best Value Methodology. Please see the Traffic Distribution FAQs for more information.

Traffic Distribution

Q1. How will traffic be distributed in the Families First program?
A. Shipments in the three markets (domestic household goods, international household goods, and international unaccompanied baggage) will be assigned using a Best Value Distribution methodology that is based on a combination of performance and cost. This methodology uses a Best Value Score to evaluate and rank Transportation Providers. Those Transportation Providers with Best Value Scores above the Quality Score will be ranked in quartiles and receive shipments in a cascading rotation. This value-based system will identify and use only quality transportation providers for Defense Department moves.

Q2. How is the Rate Score determined?
A. In the domestic market the Rate Score is the weighted sum of two scores, the domestic Transportation-Related Charges (worth 80% of Rate Score) and the domestic Storage-in-Transit-Related Charges (worth 20% of Rate Score). Each of these values are calculated based on the

ratio of the individual Transportation Provider's rate discount to the highest discount rate submitted in that market.

$$DomesticRateScore = 80 * \left(Trans.RateDiscount \big/ HighestTrans.RateDiscount \right) + 20 * \left(SITRateDiscount \big/ HighestSITRateDiscount \right)$$

In the international markets the Rate Score is a ratio of the difference between a Transportation Provider's Single Factor Rate for transportation-related charges and the lowest rate in that market to the difference between the highest and lowest rates submitted in that market.

$$InternationalRateScore = 100 - \left(100 * \left(TPRate - LowestRate \big/ HighestRate - LowestRate \right) \right)$$

The Rate Score is one part of the Best Value Score.

Q3. How is the Performance Score determined?
A. A Transportation Provider's Performance Score is the average survey score for Customer Satisfaction Surveys completed in that market, subject to checks for statistical validity (see Customer Satisfaction Survey FAQs for more information). The table below provides an example:

Transportation Provider SCAC	**Domestic Household Goods**	
	Interstate	
	Survey	**Score**
AAAA	Cust 1	60
	Cust 2	75
	Cust 3	80
	Cust 4	75
	Cust 5	70
	Intrastate	
	Cust 1	75
	Cust 2	80
Survey Totals	7	515
Raw Performance Score	= 515/7	**73.57 pts**

Q4. How is the Best Value Score determined?

A. The Best Value Score (BVS), which is used to determine traffic distribution, is a measure of a Transportation Provider's value to the Families First program. MTMC is determining the specific contributions of Performance and Rate to the BVS, and will update this answer based on the results of that determination.

Q5. What is the Quality Score? How is it determined?
A. The Quality Score is a means of identifying those Transportation Providers who can provide quality service to moving Service members. At the beginning of each annual rate-filing period, MTMC will determine the Quality Score for each market. Transportation Providers with Best Value Scores above the Quality Score will be placed in the Active Transportation Provider list, and eligible to receive shipments in the cascading quality band rotation (see question seven below). Transportation Providers with Best Value Scores will be placed in the Inactive Transportation Provider list, and will not be assigned shipments. Transportation Providers on the Inactive list can be used as subcontractors by Transportation Providers on the Active list.

MTMC will determine the Quality Score based on the needs of the market and required standards. MTMC will not publicize the specifics of Quality Score calculations.

Q6. How often is the Best Value Score calculated?
A. Best Value Scores are calculated at the end of each performance period, and are used during the next performance period.

The performance periods are:

1 April to 30 June
1 July to 31 July
1 August to 31 August
1 September to 30 September
1 October to 31 December
1 January to 31 March

Q7. Our company's Best Value Score is above the Quality Score. How are we assigned shipments?
A. At the beginning of each evaluation period, MTMC will assign a Quality Score for each market, as discussed above. Transportation Providers with scores above the Quality Score will be divided into 4 Quality Bands in order of highest to lowest BVS, with more carriers assigned to the first quality band if the number of Transportation Providers in a market is not divisible by four. Shipments will be assigned to each Transportation Provider in accordance with the scheme listed in the table below:

Quality Band	Number of Shipments
1	5
2	3
3	2
4	1

For example, in a market with ten Transportation Providers in each quality band, all ten Transportation Providers in the first band will be assigned a shipment in round-robin fashion until each Transportation Provider has been assigned 5 shipments. The next available shipment is assigned to the first Transportation Provider in the second quality band. When all Transportation Providers above the Quality Score have been assigned their allotted number of shipments, the allocation process starts again with the top Transportation Provider in the first quality band.

Q8. Our Company's Best Value Score is below the Quality Score. Will we be assigned shipments?
A. Transportation Providers with Best Value Scores below the Quality Score will not be allocated shipments by the government. These Transportation Providers can be used as subcontractors by Transportation Providers on the Active list.

Q9. Will a Transportation Provider be able to blackout dates?
A. Transportation Providers will have the opportunity to modify blackout dates for specific origins by shipment category on a daily basis. This will provide carriers with the flexibility required to manage workloads, while maintaining a pool of available Transportation Providers for expected DoD shipments.

Q10. Can a Transportation Provider refuse a shipment?
A. Shipment refusals are not allowed in the Families First program, and are not expected with the ability to perform daily updates of blackout dates.

Q11. How will short-fuse shipments be handled?
A. The process for assigning short-fuse shipments, those requiring pickup in five business days or less, will provide flexibility for the PPSO to select a Transportation Provider quickly (e.g., shotgun offering via DPS to multiple carriers in the quality band, PPSO calling next scheduled carriers), as well as ensuring oversight of the process to ensure equitable distribution. The short-fuse shipment will not count as an assignment in the scheduled traffic distribution.

Q12. How will new Transportation Providers be evaluated?
A. MTMC is finalizing the requirements for new Transportation Provider entry and will update this answer with the results of that decision.

Customer Satisfaction Survey

Q1. Why will Families First use Customer Satisfaction Surveys?
A. The goal of the Families First program is to use a Best Value determination to distribute traffic to Transportation Providers, and customer satisfaction being part of the Best Value Score. The Families First program will use direct customer feedback, in the form of Customer Satisfaction Surveys, to measure customer satisfaction and calculate a Transportation Provider's Performance Score.

Q2. How will the Customer Satisfaction Surveys be administered?
A. During pre-move counseling Service members will receive information on the Families First program and on the importance of Customer Satisfaction Survey data to effective program operation. They will also receive specific instructions on completing the survey, with the goal of having surveys completed within seven days of the completion of the move.

At the completion of the move customers will automatically receive an e-mail with survey instructions as well as a link to the survey web page. Until the survey is completed they will receive updates on the seventh, fourteenth, and twenty-first days after their delivery date.

Customers who do not complete on-line surveys may be contacted by telephone by a third-party. The third-party surveyor will ask the customers the questions contained on the survey and record their results. Telephone surveys will be conducted in the cases where specific Transportation Providers do not have the required number of survey responses (see question four below).

Q3. How many completed surveys are required?
A. A statistically valid number of surveys are required to determine each Transportation Provider's performance score. If a statistically valid number of surveys are achieved, all surveys completed via the web, email, or by telephone interview will be used to compute each Transportation Provider's performance score. A random sampling of completed surveys will not be used.

The following table lists the minimum number of surveys that are required for the "Number of Shipments Delivered" using a 90% Confidence Level, with a 5% Expected Error Rate, and 4% Precision. This table was developed using Sample Size Software available from the U.S. Army Audit Agency.

Minimum Survey Requirements

Number of Shipments Delivered	Required Number of Surveys	Number of Shipments Delivered	Required Number of Surveys	Number of Shipments Delivered	Required Number of Surveys
1	1	41-42	28	166-175	55
2	2	43-45	29	176-184	56
3	3	46-47	30	185-196	57
4	4	48-50	31	197-208	58

5	5	51-53	32	209-222	59
6	6	54-56	33	223-237	60
7	7	57-58	34	238-253	61
8	8	59-62	35	254-271	62
9-10	9	63-65	36	272-292	63
11	10	66-68	37	293-314	64
12	11	69-72	38	315-340	65
13-14	12	73-75	39	341-370	66
15	13	76-79	40	371-403	67
16	14	80-83	41	404-443	68
17-18	15	84-88	42	444-489	69
19	16	89-92	43	490-544	70
20-21	17	93-97	44	545-611	71
22-23	18	98-102	45	612-694	72
24	19	103-107	46	695-800	73
25-26	20	108-113	47	801-939	74
27-28	21	114-119	48	940-1,131	75
29-30	22	120-125	49	1,132-1,411	76
31-32	23	126-132	50	1,412-1,859	77
33-34	24	133-139	51	1,860-2,694	78
35-36	25	140-147	52	2,695-4,787	79
37-38	26	148-155	53	4,788-19,751	80
39-40	27	156-165	54	19,752+	81

Q4. What if a Transportation Provider does not have enough surveys?
A. If a Transportation Provider moved shipments during the evaluation period but does not have a statistically valid survey size, the previous performance score will carry over. Lack of valid survey results is a system problem, for which the Transportation Provider will not be penalized.

If a Transportation Provider was not offered any shipments during the evaluation period, the previous performance score will carry over.

Q5. What are the survey questions?
A. The table below lists all Customer Satisfaction Survey questions and associated point values. Please note that only questions four through nine will be used to determine a Transportation Provider's Performance Score. The remaining questions provide feedback on service provided by government organizations.

	Origin PPSO Questions	**BVS Weight**
Survey Question #1	How satisfied were you with the assistance provided by the origin Personal Property Office that assisted you with making	None

	the arrangements for your personal property shipment (i.e. initial contact, customer service, counseling, etc.)?	
Survey Question #2	How well did the personal property shipment pick-up date arranged by the origin Personal Property Office meet your requirements?	None
Survey Question #3	How well did the personal property shipment delivery date arranged by the origin Personal Property Office meet your requirements?	None
	Origin TP Questions	**BVS Weight**
Survey Question #4	Evaluate services provided at origin such as the quality of packing, labelling and organizing: (E = 12, G = 9, S = 6, P =3, U = 0)	**12%**
Survey Question #5	Evaluate origin services such the care, courtesy and attitude of the loading crew: (E = 12, G = 9, S = 6, P =3, U = 0)	**12%**
Survey Question #6	How satisfied were you with the timeliness of the pickup of your personal property by the Transportation Provider (mover)? (E = 12, G = 9, S = 6, P =3, U = 0)	**12%**
	Destination TP Questions	**BVS Weight**
Survey Question #7	Evaluate services provided at destination such as the care, courtesy, attitude of the crew, unloading, and unpacking: (E = 12, G = 9, S = 6, P =3, U = 0)	**12%**
Survey Question #8	How satisfied were you with the timeliness of the delivery of your personal property by the Transportation Provider (mover)? (E = 12, G = 9, S = 6, P =3, U = 0)	**12%**
Survey Question #9	How would you rate your overall satisfaction with the moving company's timeliness, courtesy, professionalism, and responsiveness in all phases of your move from first contact through delivery, to include any follow up? (E = 40, G = 30, S = 20, P =10, U = 0)	**40%**
	Destination PPSO Questions	**BVS Weight**
Survey Question #10	How satisfied were you with the destination Personal Property Office that may have assisted you in arranging the delivery of your household goods (i.e. initial contact, customer service, extension of storage [SIT], etc.)? If you were not in contact with, or did not use the destination Personal Property Office, please answer "Not Applicable."	None
	Quality of Life Questions	**BVS Weight**
Survey Question #11	Did your command allow you enough time at origin and destination to schedule and coordinate your move?	None
Survey Question #12	Do you plan to file a claim for loss or damage?	None

Quality Assurance Program

Q1. What will be measured in the Families First Quality Assurance program?
A. While the specifics of the Families First Quality Assurance (QA) Program have not been determined, the program will identify performance standards for objective measures, gather data related to those measures, and track Transportation Provider performance against standards. MTMC anticipates that the QA Program will include incentives for rewarding strong Transportation Provider performance as well as penalties for poor performance.

Systems

Q1. What kind of technology will be implemented with Families First?
A. Information technology (IT) for the future Defence Personal Property System (DPS) will ensure effective integration of plans, programs, projects, automated systems, and system operations using a wide range of information management disciplines and transportation functional component and subsystems. The future DPS will provide a centrally managed umbrella architecture where implementation capability will be performed in a network, information-centric web-based environment.